GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

STARRED QUESTION NO:137
ANSWERED ON:26.07.2016
Promotion of FPI
Mishra Shri Anoop

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) the existing capacity of food processing sector in the country in comparison to that of other advanced countries along with the foreign exchange earned by this sector during the current five year plan;

(b) whether the country is lagging behind the other advanced countries in the matter of food processing and if so, the details thereof and the reasons therefor;

(c) whether the Government has entered into any agreements/signed MOUs with the foreign countries for bilateral cooperation in the food processing sector and if so, the details of such agreements/MOUs signed during the current five year plan, country-wise;

(d) the benefits accrued/likely to be accrued due to such agreements/MOUs; and

(e) the steps taken by the Government for the promotion and development of food processing sector in the country?

Answer

THE MINISTER OF FOOD PROCESSING INDUSTRIES
(SMT. HARSIMRAT KAUR BADAL)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (e) OF LOK SABHA STARRED QUESTION NO. *137 FOR ANSWER ON 26TH JULY, 2016 REGARDING PROMOTION OF FPI

(a) & (b) As per the study (2014) of Institute of Economic Growth, New Delhi on "An assessment of the extent of food processing in various food sub-sectors" commissioned by Ministry of Agriculture and Farmers Welfare, Government of India, the food processing level in India was estimated at 6.76% in 2010-11 as against 80% in USA, 70% in France, 25% in Australia and 40% in China.

The foreign exchange earned by the food processing sector during the current five year plan, in terms of the value of export of agricultural and processed food products, is given asunder:
Exports of agricultural& processed food products (in US $ Billion)
Year 2012-13 2013-14 2014-15 2015-16
Exports 36 38 36 29
Source: Directorate General of Commercial Intelligence and Statistics (DGCI&S).

Inadequate infrastructure along the value chain, requirement of multiple approvals from various Government agencies, APMC (Agricultural Produce Marketing Committee) restrictions in most States on procurement of agricultural produce by processors and inadequate investment in organized retail marketing, are some of the important causes for lower levels of food processing in the country.

However, as per National Accounts Statistics 2015, the food processing industries in 2014-15 has grown at 5.78% at constant prices, which is higher than 1.91% growth recorded in 2013-14.
(c) & (d): Ministry of Food Processing Industries has entered into agreements/signed Memorandum of Understanding (MoU) with France and Italy for bilateral co-operation in the field of food processing sector.
These agreements/MoUs are mainly intended for − (i) attracting foreign direct investment into the country for developing food processing infrastructure and technologies and facilitating establishment of business joint ventures, (ii) exchange of know-how & technologies and encouraging business to business engagement in the field of food processing and food trade, (iii)cooperation on scientific, technical and training matters for exchange of scientific information in the area of food processing, (iv) institutional level cooperation on food processing education and capacity building activities.

(e) For promotion and development of food processing sector in the country, Government is implementing Central Sector Scheme for Development of Infrastructure for Food Processing having components of (a) Mega Food Parks (b) Integrated Cold Chain, Value Addition and Preservation Infrastructure and (c) Setting-up / Modernization of Abattoirs; (d) Scheme of Technology Up-gradation / Establishment / Modernization of Food Processing Industries; (e) Scheme for Quality Assurance, Codex Standards, Research & Development and Other Promotional Activities; (f) Scheme for Human Resource Development and Scheme of Strengthening of Institutions.

Further, to provide impetus to the development of food processing Industry in the country, Government is also providing a number of tax incentives such as reduced excise duty on food processing and packaging machinery from 10% to 6%, 100% Income Tax exemption to food processing units on profits for the first five years of operation and 25% thereafter for next 5 years etc. In addition, foreign direct investment (FDI) is allowed up to 100% through automatic route for food processing and 100% FDI through Foreign Investment Promotion Board (FIPB) route in trading of food products produced and manufactured in India.
Government has also created a Special Fund of Rs. 2000 crore in National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit to the food processing industries in the designated food parks. Loan to food & agro-based processing units and Cold Chain are now classified under Agriculture activities subject to aggregate sanctioned limit of ?100 crore per borrower under Priority Sector Lending (PSL) by Reserve Bank of India to ensure greater flow of credit to entrepreneurs for setting up of food processing units.
******